REMARKS/ARGUMENTS

A. Prior Litigation

Applicants explained during the 9/3/08 personal interview, that in litigation concerning applicant's USP 6,161,099, the courts ultimately determined that eight of applicant's claims were not obvious in view of the Parity system. Per the attached Jury Verdict, the jury found that the Parity system did not make any of the 14 asserted claims "obvious" under 35 USC 103.

The Federal Circuit reversed the jury's finding with respect to six of those claims – holding that claims 1, 9, 14, 31, 36 and 56 were "obvious" as a matter of law.   However, the Federal Circuit stated that "we do not reach a similar conclusion with respect to the remaining dependent claims – 2, 18, 20, 24, 32, 40, 42, and 46". *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1328, 87 U.S.P.Q. 2d (BNA) 1350 (2008). Thus, the Federal Circuit left undisturbed the jury's verdict that eight claims (2, 18, 20, 24, 32, 40, 42, and 46) of the '099 patent are not obvious under 35 USC 103.

Dependent claim 2 of the '099 patent recites (in combination with claim 1) "additionally comprising the step of verifying that each bid is in conformance with predetermined bid parameters before accepting said bid."

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Dependent <u>claim 18</u> of the '099 patent recites (in combination with claim 1) "wherein said process further includes providing a centralized time indication and transmitting said time indication to said bidder's computer over said electronic network, and said displaying step includes the step of displaying said transmitted time indication on said bidder's computer display."

Dependent <u>claim 40</u> of the '099 patent recites (in combination with claim 31) "wherein said process further includes providing a centralized time indication and transmitting said time indication to each of said plural bidders' computers over said electronic network, and said process further includes displaying said transmitted time indication on each of said plural bidders' computer displays."

Dependent <u>claim 32</u> of the '099 patent recites (in combination with claim 31) "wherein said ordering step includes ranking said interest cost values, and said displaying step comprises displaying said interest cost values in an order determined by said ranking".

B. Claims Herein

Following the Federal Circuit's holding, applicants have amended pending independent claims 189, 246 and 247 to require "providing a

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centralized time indication ...." Since the Federal Circuit found (among other things) that it would have been "obvious" to use a web browser, applicant's have deleted that requirement from claims 189 and 246.

In addition to amending the previously pending claims, applicants propose to add six independent claims modeled after claims of the original '099 patent the courts found to be non-obvious. Specifically:

- New independent method claim 248 and apparatus claim 250 are modeled after '099 patent claims 1 + 2 + 18;

- New independent method claim 252 and apparatus claim 254 are modeled after '099 patent claims 31 + 32; and

- New independent method claim 256 and apparatus claim 258 are modeled after '099 patent claims 31 + 40.

Applicants believe the claim language of new claims 248, 250, 252, 254, 256, 258 is sufficiently close to the '099 patent claims found to be non-obvious so that the validity effect of the jury verdict left in place by the Federal Circuit applies with full force and effect. However, some of the language in new independent claims 248, 250, 252, 254, 256, 258 has been changed relative to the original claims so the claim language is not identical to the language of the '099 patent claims. Therefore, no

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anticipation-type double patenting rejection would be proper. Applicants

are submitting a terminal disclaimer to obviate any "obviousness-type"

double patenting rejection.

C. Response to Prior Art Rejection

Responding to the outstanding rejection under 35 USC 103, as

discussed during the interview, applicants believe the record developed in

the trial of applicant's USP 6,161,099 showed that the Parity manual the

PTO is currently relying on to reject claims does not qualify as a "printed

publication" under 35 USC 102(b). For example, this document includes a

restrictive legend on the second page (emphasis added):

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Furthermore, Parity's developer, Mr. Landes, testified that only "50 or 60 people" received the document (see A5209) and that Parity related materials were provided to bidders under a confidentiality agreement (see A5179).   Documents distributed under such circumstances are not "printed publications" within the meaning of 35 USC 102(b). See e.g., MPEP §2128.01 citing *Northern Telecom Inc. v. Datapoint Corp.*, 908 F.2d 931, 15 USPQ2d 1321 (Fed. Cir. 1990) (reports distributed to about fifty organizations included a restrictive legend "Reproduction or further dissemination is not authorized"; the court held that public access was insufficient to make the documents "printed publications.") [1] Additionally, the Landes letter the PTO is relying on to reject claims herein was not distributed to the public and therefore is not a printed publication. Accordingly, applicants believe the current rejection must be withdrawn.

With respect to the issue of whether an auction clock was present in the Parity system, see trial transcript excerpts plus the entire trial transcript which is being provided for the PTO's reference. The transcript also indicates that the Parity system "certainly didn't live up to our expectations"

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[1] Mr. Landes testified that the copyright date of the Version 2.7 manual is 1997. See A5058. Accordingly, this document does not appear to be prior art.

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and was not a commercial success.   (See e.g., A5157). Based on the entire record presented at trial, the jury determined that '099 patent claims 18 and 40 were <u>not</u> "obvious." The Federal Circuit left undisturbed the jury's verdict of non-obviousness of those claims.

All outstanding issues have been addressed and this application is in condition for allowance. Should the Examiner wish to review any additional information from the trial or about the Parity system or have any questions, the Examiner is invited to contact the undersigned at the telephone number listed below so that any such further information can be provided.

The Commissioner is hereby authorized to charge any <u>deficiency</u>, or credit any overpayment, in the fee(s) filed, or asserted to be filed, or which should have been filed herewith (or with any paper hereafter filed in this application by this firm) to our Account No. 14-1140.

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Respectfully submitted,

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15 Q   To whom were the manuals given for PARITY?

16 A   The reference manual that we've talked about here was

17 also given to bidders.

18 Q   Approximately how many people received those manuals?

19 A   Ah, it's somewhat of a, an estimate on my part, but I

20 would say 50 or 60.

21 Q   Approximately how many people received the PARITY

22 brochure?

23 A   Several hundred.

24 Q   Was there anything confidential about the PARITY

25 brochure?

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1 A   No. We -- the brochure was distributed to bidders, to

2 bond lawyers, to financial advisors, to issuers and

3 additionally, directly to an issuer.

4   MR. McELWAIN: If we could turn to Defendant's

5 Exhibit XT.

6 Q   And this is the manual for Version 1.22; correct?

7 A   Yes.

8 Q   And this has a copyright date of 1993.

9   MR. McELWAIN: If with you turn to the next page.

17   A. Yes.

18   Q. That is not an electronic option, right?

19   A. That's true.

20   Q. Okay. You had a form agreement that you used with

21   people that you gave this software to, correct?

22   A. We had a form agreement for bidders, yes, for bidders.

23   Q. Okay. Am I correct that as part of that agreement you

24   had a provision that said that the materials that were part of

25   this process were confidential, both parties shall maintain as

                                    61

1   confidential -- I have to back this up. Both parties shall

2   maintain as confidential and shall not disclose to any person

3   outside its employ nor use for purposes other than performance

4   under the authority of this agreement any information which

5   either party obtains by virtue of this agreement.

6   That was a provision you included in your contract,

7   correct?

8   A. Yes, in the contract to bidders.

9   Q. And as a further part of that contract am I correct

10   that you provided for charges annual maintenance fees of $500

11   and user fees of 0.15 per thousand dollars and then another

6   all by itself?

7   A   Yes. And there were people that used it that, you know,

8   it wasn't one of the sort of high-volume bidders, that only

9   needed to bid on an occasional issue. They would use it to

10   enter the data directly on their own computer and send it.

11   Q   If we could put on the screen a copy of DX UL.

12   I'd ask, just ask you to identify this for the

13   record.

14   A   Yes. This is the reference manual, or kind of the

15   operating manual that went, was sent out with the software on

16   disk to all bidders that signed up.

17   MR. McELWAIN: If I could ask Mr. Marriott to turn

18   to, I think it's the second to the last page of this.

19   Excuse me, IT'S FF 012401.

20   Q   Does this indicate at the bottom a copyright date?

21   A   This one is 1997.

22   Q   Okay. So this is a fairly late version of the PARITY

23   software?

24   A   Yes.

25   MR. McELWAIN: If I could ask Mr. Marriott next to

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7 different bidders on different machines that were -- those

8 machines are never synchronized, so you couldn't synchronize

9 two machines in any event.

10 Q. So, your testimony to the jury is that old PARITY did not

11 synchronize; is that right?

12 A. Old PARITY did not have a centralized time indication.

13 Q. Can we call up the manual which is DX UV.

14   You see that I have marked.

15   MR. NIRO: Your Honor, objection. No foundation.

16 It hasn't been established as prior art.

17   THE COURT: What are we looking at?

18   MR. QUARLES: DX UV, which comes from the file

19 history of Mr. Niro's client's patent.

20   THE COURT: Is it a newspaper article or manual?

21   MR. QUARLES: It's a manual, the PARITY manual.

22   MR. NIRO: It comes from the file history, but it's

23 not prior art because it's undated.

24   THE COURT: We'll see if it is or not. He can

25 certainly look at it, though.

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1 BY MR. QUARLES:

23 A   Yes.

24 Q   -- right?

25   When you answered those questions, you're not

201

1   familiar with whether or not sending some bids electronically

2   and some bids by fax would still be an infringement; is that

3   right?

4   A   I'm not. That's right.

5   Q   Now, you were asked some questions about old PARITY and

6   BidComp; what it had, what it didn't have.

7   I'm going to show you again Plaintiff's

8   Exhibit 277. Would you confirm for me that old PARITY did

9   not have the things that are crossed out here?

10 A   Old PARITY did not have the things that are crossed out.

11 Q   For example, it did not have verification of bid

12 paramaters?

13 A   It did not have the verification of bid parameters, or

14 single centralized clock.

15 Q   Or centralized clock.

16 A   Or a single computation of the automatic computing.

17 Q   Or a web browser?

14   gave them the real disk like you did your expert, it would

15   fail?

16   MR. MCELWAIN: Objection, Your Honor.

17   THE COURT: Objection overruled. Did you think it

18   would fail?

19   THE WITNESS: What I am saying is the demo disk and

20   the operating disk are one in the same.

21   BY MR. NIRO:

22   Q. The one you gave your expert failed, right?

23   A. Because it wasn't connected to a phone line and a

24   modem, it couldn't connect.

25   Q. And he said: I was not able to connect to a PARITY

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1   server. No, I just saw a local clock that was the wrong time.

2   So the clock was not set from a remote location on

3   this actual disk and he wasn't able to connect it to a PARITY

4   server, correct?

5   A. The PARITY server did not exist at that point. Sure he

6   couldn't connect.

7   Q. By the way, the dates that we saw on this demo disk

A5160

8   were all set by the computer, right?

9   A. The date of the sale, the demo sale which was the first

10 one, was set by our local computer.

11   The second one was -- was not set, it was fixed in

12 there.

13 Q. But just for purposes of understanding this, you can

14 set those dates, I can take a date in 1992 and change it to

15 1998 right on that disk, right?

16 A. I don't see your question.

17 Q. Well --

18 A. You saw the one date changed.

19 Q. And you can change those dates?

20 A. In the demonstration mode, yes.

21 Q. Right. So if I want to take something that says 1992

22 and change it to '98, I can do that or I can go back and

23 change '98 to '92, right?

24 A. No. Without getting into the code of the program, the

25 demo only allows the first issue in the upcoming sales to go

                                47

1   to the current date in order to show the functionality.

2   Q. Are those dates based on the clock that's on the

A5161

3   computer?

4   A. The first issue only, yes.

5   Q. And you can set that to whatever you want, correct?

6   A. No, you can't. The routine in the software sets it to

7   the current time.

8   Q. Let me show you the testimony of Mr. Bradner, your

9   expert.

10   Question, this is Exhibit 509: They are based on

11   the clock that's on the computer, correct?

12   Answer: Correct.

13   You can set that to whatever you want, correct?

14   Answer: In theory you can, yes.

15   You disagree with that?

16   A. I do disagree. I think that he is correct in stating

17   in theory you can, meaning that you have to go into the

18   software code and do that.

19   Q. You are not a software developer, correct?

20   A. That's right.

21   Q. And you know that one of the things that had to happen

22   with this old PARITY is you had to upgrade it to launch the

23   new PARITY in 1998, correct?

24   A.   The old software was not upgraded, it was rewritten.

25   Q.   You had to rewrite it and upgrade it, correct?

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1   A.   Yes.

2   Q.   You couldn't just use it as it was, right?

3   A.   After the sale to Thomson occurred, that's correct,

4   because the old server was deactivated.

5   Q.   One of the first things you had to do to change this

6   old PARITY and make it into something that you could then use

7   commercially as the new PARITY, the product that's at issue in

8   this case, was to add a clock, right?

9   A.   No, the clock already existed. We actually copied the

10   functionality of the clock into the new PARITY.

11   Q.   Do you recall the testimony of Ms. Horowitz where she

12   said -- I will show you the document, this is Exhibit -- I

13   have the number TF008373. It's Exhibit 212. Do you see that

14   where it says: Needed for PARITY?

15   A.   Yes.

16   Q.   Add a clock?

17   A.   Yes.

18   Q.   So what -- then it says: We need to add a clock to

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19 BIDCOMP. This clock should use universal time. Entered by

20 Cheryl Horowitz on 4/8/98.

21 A. Okay.

22 Q. Does that now refresh your recollection that one of the

23 first things that had to be done to take this BIDCOMP/PARITY

24 system that you had and make it into something that Thomson

25 could use commercially as it does now was to add a clock, a

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1 universal centralized clock?

2 A. This says we added a clock to BIDCOMP, which had a

3 prior clock. The old PARITY system and the development of

4 what we are calling new PARITY, the issuer's side of this, did

5 have a clock.

6 Q. What you had to do was rewrite and upgrade PARITY;

7 correct? This is Exhibit 407 from your deposition.

8 A. Yes.

9 Q. And you had to apply knowledge and expertise with the

10 product in an effort to upgrade the product and launch it in

11 upgraded form.

12   Correct?

3   Answer: I would say no.

4   Is that the answer that you gave at that time to

5   that question?

6   A. I did.

7   Q. That was the truth?

8   A. Yes.

9   Q. Then you were asked: Do you have any idea what sort of

10   revenue PARITY generated for 21st Century?

11   Answer: It was minimal.

12   Did you give that answer?

13   A. Yes, I did.

14   Q. You understood what minimal meant, right?

15   A. Well, it was my term. I would define minimal as not

16   enough to make a profit.

17   Q. So from a commercial standpoint old PARITY you would

18   have to agree was a failure?

19   A. I would say no. It certainly didn't live up to our

20   expectations. We wrote business plans projecting great

21   things, as did MuniAuction. But for unforeseen reasons we

22   didn't meet those goals.

23   Q. For unforeseen reasons?

24   A. Yes, at the time we wrote the business plans.